

## OERM 90-Day Kickoff Plan | Status Report

## Establish Office of Enterprise Risk Management

Action	Status	Work Completed
<b><i>Recruit and Hire Chief Risk Officer</i></b>	In progress	A draft duty statement and job bulletin have been prepared. Recruitment will begin once these documents are synchronized with the results of recent Organizational Structure discussions. On December 1, 2010, a recruitment bulletin was issued for a Chief Risk Officer. The final filing date is December 17, 2010.
<b><i>Determine Structure of OERM</i></b>	Complete	As detailed in the Organizational Structure workshop at the November Board meeting, the OERM will report to the CFO, and will contain the functions of Enterprise Compliance, Information Security, Risk Intelligence, and Business Continuity.
<b><i>Determine Staffing and Budget Requirements</i></b>	In progress	Staff has submitted a Formal Budget Request to obtain funding and PY authority for the Risk Intelligence function in FY 2011-12. Staff and budgets for other OERM functions will be transferred to the OERM.
<b><i>Determine Office Space Needs</i></b>	In progress	Business Continuity/Disaster Recovery staff were relocated from OSSD to EPSO. All remaining staff that transferred to the OERM remain in their original location. A space plan will be developed once resource requests are finalized.
<b><i>Determine Initial IT Requirements</i></b>	In progress	The OERM continues to use existing Microsoft Office applications while development of risk processes is still underway. For the long-term, the OERM is reviewing several possible IT solutions. These include systems currently in use in CalPERS, such as risk watch and risk radar, and also GRC applications from Oracle and OpenPages.

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## Operationalize Risk Intelligence Activities

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<b>Conduct Risk Assessments</b>	In progress	<p>Health Care Reform: The OERM completed a risk assessment of several provisions of Health Care Reform legislation as a pilot project in April 2010. Additional assessments will be carried out as regulations are developed.</p> <p>Organizational Alignment: The OERM conducted an initial risk assessment of the Organizational Alignment Initiative in October 2010. The top risks were identified and owners and mitigation strategies were assigned. These risks will be monitored and updated on an ongoing basis.</p> <p>Reputational Risk: A reputational risk assessment is currently underway, with Executives being interviewed to determine CalPERS key stakeholders and reputational attributes. In addition, historical press releases are being reviewed to determine a baseline for reputational risk.</p> <p>Other: As further capabilities are developed, risk assessments of Pension Reform and Business Planning will be conducted.</p>
<b>Inventory Enterprise Risks</b>	In progress	The OERM has developed an Enterprise Risk Dashboard to view risks by category, and a draft Enterprise Process Model to view risks in various operational areas. These tools will be used to assist management in developing a comprehensive inventory of enterprise risks. The Enterprise Risk Committee will review the dashboard.
<b>Catalog Key Risk Indicators in CalPERS Policies</b>	In progress	The OERM has developed a framework for evaluating policies and established risk indicators. In addition, new risk indicators and metrics are being evaluated as part of the ongoing reputational risk assessment.
<b>Convene Enterprise Risk Management Committee</b>	Complete	The first Enterprise Risk Management Committee (ERMC) was convened on November 23, 2010. The committee identified and prioritized the top 10 enterprise risks. Mitigations were identified in the 2010-11 and 2011-12 Business Plans, and more comprehensive mitigation plans will be developed, as needed. The prioritization of risks and the mitigation plans will be presented to the Board in February. Additional ERMC meetings will be held monthly.

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<b><i>Develop Board Reports</i></b>	In progress	Draft Board reports have been prepared and top risks will be presented at the December Ad Hoc Risk Management Committee meeting. Additional dashboards to display overall risk exposure and risk mitigation strategies are in development and will be presented at the February Ad Hoc Risk Management Committee.

## Implement Change Management Strategies

Action	Status	Work Completed
<b><i>Embed Risk Management into Governance and Workflow</i></b>	In progress	The OERM is evaluating ways to incorporate consideration of risk into Board Agenda Items. Over time, risk assessments will also be included in policy development, business planning, resource requests, and issue papers.
<b><i>Develop Risk Awareness Training</i></b>	In progress	The OERM is developing risk training programs for senior managers and all staff. These training programs will educate staff on proper reporting and managing of risk and will promote a risk-intelligent culture.
<b><i>Develop Risk Management Tools</i></b>	In progress	Several tools for risk analysis are currently under development. These include: <ul style="list-style-type: none"> <li>• Thesis – Antithesis – Synthesis</li> <li>• Failure Mode and Effects Analysis</li> <li>• Root Cause Analysis</li> <li>• SIPOC (Suppliers, Inputs, Process, Outputs, Customers)</li> </ul> The OERM is evaluating how to best integrate these tools into current CalPERS processes.
<b><i>Conduct Change Management Strategy Workshops</i></b>	In progress	A Change Management Strategy is developed to enhance enterprise risk intelligence. As work progresses, the OERM will continue to hold focus groups with senior managers to ensure changes are fully understood and accepted.

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**Determine Synergies with Other Functions**

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<b><i>Evaluate Inspector General Function</i></b>	Complete	The OERM, in conjunction with the Organizational Design Team, completed an analysis of the possible benefits and risks of an Inspector General function, and how that function could fit into the CalPERS organizational structure. This analysis was presented and discussed in the November 2010 Board workshop.
<b><i>Examine Relationship with Audits</i></b>	In progress	As risk assessments and policy development progress, the OERM will continue to work closely with the Office of Audit Services.
<b><i>Correlation with Investment Office Risk Management</i></b>	In progress	The OERM continues to hold meeting with the investment office to identify synergies, gaps, and overlaps in services provided. The results of these discussions will be reflected in the outcome of the Organizational Alignment Initiative.
<b><i>Coordinate Activities with Enterprise Compliance Office, Office of Privacy and Security, Disaster Recovery, and Business Continuity</i></b>	In progress	The OERM is currently looking at the timelines for various enterprise control functions in an effort to synchronize assessments, eliminate duplication, and reduce the workload impact to the enterprise.